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GAIN Report

Global Agricultural Information Network

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Another price war among Dutch retailers

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Retail Foods

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Report Highlights:

Industry experts expect a price war among Dutch food retailers since Albert Heijn lowered the prices of 1,000 items.

General Information:

On September 9, Dutch leading food retailer Albert Heijn lowered prices of 1,000 items. This is Albert Heijn's answer to the growing market share of Lidl and the decreasing purchasing power of the Dutch. German-based hard discounter Lidl continues to attract more clients, the traditional Albert Heijn client is now increasingly also shopping at Lidl. Lidl's market share almost doubled past 5 years to a current estimated 7.5 percent. In addition to low prices, Lidl is competing with full-service supermarkets on quality, service and fresh products.

Ten years ago Albert Heijn also started a price war among the Dutch supermarkets by lowering its prices. This time however the food retailer seems to choose to not compensate it by increasing prices of other articles. Also Albert Heijn chooses to lower the prices of mainly A-brand products. Industry experts have stated that other food retailers, like 10 years ago, will eventually lower their prices as well. The average price of food products in the Netherlands is already among the lowest in Europe.

Lidl reacted by thanking Albert Heijn for their complement. Food retailer Dirk questioned why the prices were lowered for only 1,000 items when the retailer offers in total 20,000 articles. According to Jumbo it is business as usual as Jumbo always guarantees to offer the lowest prices. Jumbo will adjust its prices whether Albert Heijn or any other retailer lowers the price of 1 or 1,000 products. Hoogvliet finally stated that they always monitor their price distance with other retailers. If Albert Heijn lowers prices, they will do the same.

Industry experts have expressed their concern. In the short term this is good news for the consumer. Lower prices however will also mean lower margins for the retailers. The latter will in the long run lead to the impoverishment of supermarkets. Retail chains lowering prices will finally also hit hard on small independent shops and local supermarkets. More detailed information on the Dutch food retail market can be found in GAIN Report NL2014 which can be downloaded from the following website, <http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>.

Table: Market Shares of Leading Food Retailers in 2013

Company:	Market share, percentage:
Albert Heijn	33.7
Jumbo	21.6
Aldi	7.9
Lidl	7.5
Plus	5.9
Detailconsult (Dirk, Bas, etc.)	3.7
Cooperatie (Coop, etc.)	2.7
Other	17.0
Total	100.0

Source: distrifood.nl